Protecting Information Through Firewalls & Organizational Conflict of Interest Implementation

Changing Environment

- **Defense Industry Developments Have Impacted the Ability of Industry and Government to Protect Information**
  - **Industry Consolidation**
    - **Fewer Prime Contractors Competing for Major Systems**

Changing Environment (cont.)

- **Defense Industry Developments Have Impacted the Ability of Industry and Government to Protect Information**
  - **Industry Consolidation**
    - **Fewer Prime Contractors Competing for Major Systems**
  - **Increased Teaming Between Competitors in Order to Meet USG Requirements**
  - **Concurrent Prime & Subcontractor Roles Between Competitors**
  - **Company Business Units Acting as Merchant Suppliers**
    - **Sometimes to Sister Divisions and Competitors of Sister Divisions for the Same Acquisition**

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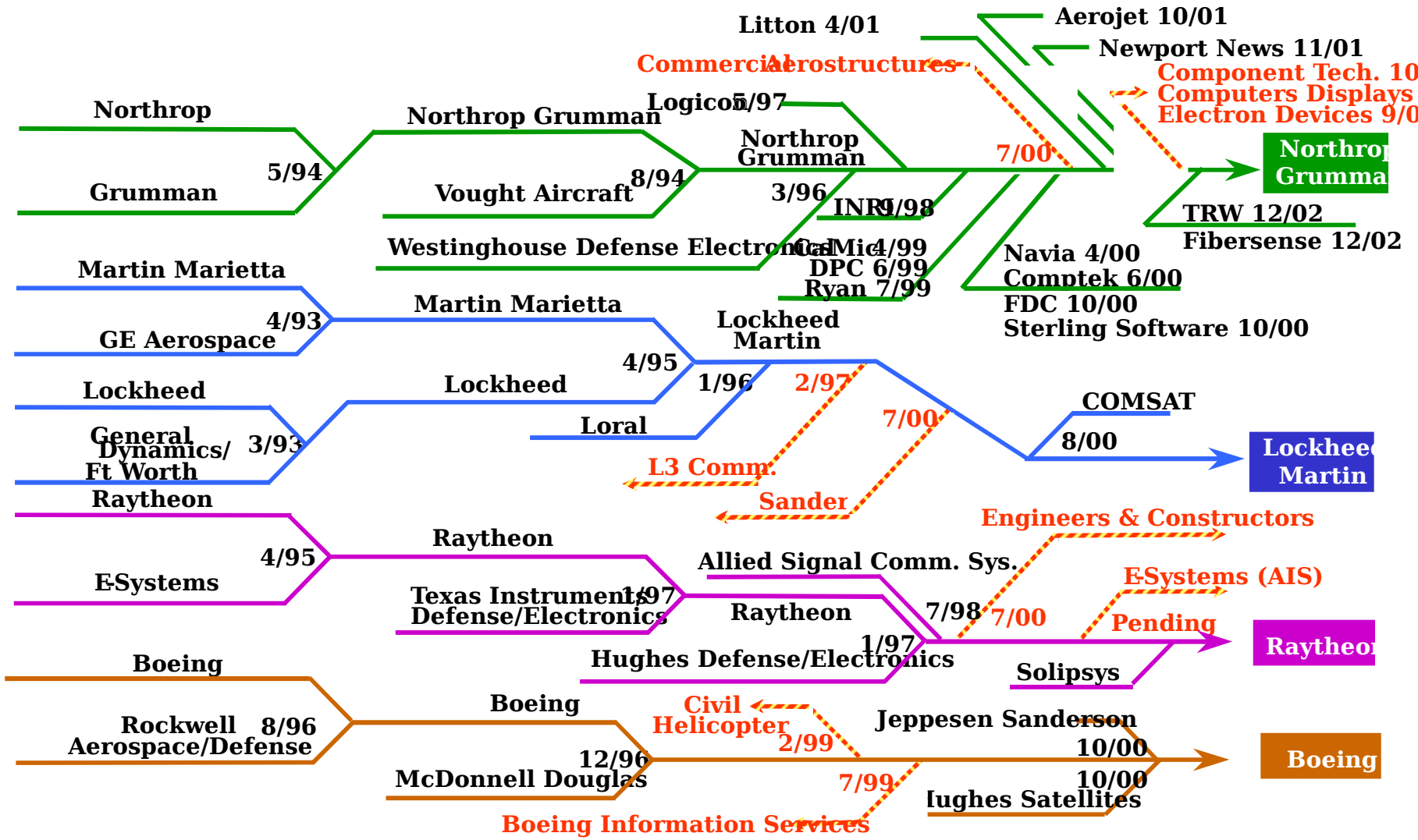
Consolidation at Tier I Level (As of July '03



(*) Announced as Discontinued Busi

Firewall

A system of processes, agreements, and other controls (electronic, written and/or physical) established to restrict access, to protect certain information, and to ensure that only authorized personnel have access to the restricted information

Firewall Attributes

- **Firewalls Are Not Standardized**
  - **One size does not fit all**
- **Can Be Executed Through a Variety of Requirements**
  - **Physical Segregation of People and Data**
  - **Employee Non-disclosure Agreements**
  - **Assignment Restrictions on Employees**
  - **IT System Implementation**
- **Implementation May Include One Or More of the Above Requirements**

Why Compliance is Important

- **Intense Focus on Corporate Governance – Sarbanes Oxley**
- **Customers Must Have Confidence in Contractors' Ability to Manage Proprietary Information and Competition Sensitive Information**
- **We All Must Ensure "*Integrity*" in the Procurement Process**
- **Impact of Non-Compliance can be**

ETHICS MUST TRUMP OPPORTUNITY

"ALWAYS"